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STATE FOR NEA/ELA (NAFZIGER)
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TAGS: ENRG EWWT SENV EG

SUBJECT: EGYPT: SECRETARY BODMAN DISCUSSES CIVILIAN NUCLEAR ENERGY, SUEZ TRANSIT FEES

REF: A. CAIRO 84
 1B. 07 CAIRO 3464 (NOTAL)
 1C. 07 CAIRO 3406

Classified By: Ambassador Francis Ricciardone
for reasons 1.4 (b) and (d).

11. (C) Summary: During his January 23 visit to Cairo, Secretary of Energy Bodman reinforced to official and

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commercial audiences the need to pursue energy security through diversity, increase electricity supply to fuel global economic growth, and invest in increased efficiency and renewable energy resources. In his meeting with President Mubarak, Secretary Bodman encouraged Egypt to consider joining the Global Nuclear Energy Partnership (GNEP), pressed Mubarak on Egypt's stances at the IAEA related to Iranian enrichment, and highlighted Qatari desires to strike a deal with the Suez Canal Authority for the transit of LNG destined for the U.S. market. Secretary Bodman also met with the Egyptian ministers of Electricity and Petroleum, addressed a large American Chamber of Commerce luncheon, and discussed energy transit issues with the Suez Canal Authority Chairman.

End summary.

Civilian Nuclear/Renewable Energy Cooperation

12. (C) In meetings with President Mubarak and Minister of Electricity and Energy Hassan Younes, Secretary Bodman encouraged increased cooperation in civilian nuclear and renewable energy and encouraged Egypt to consider joining GNEP. Secretary Bodman also pressed Mubarak on Egypt's stances at the IAEA related to Iranian enrichment, expressing his hope to the President that Egypt would be more helpful on this file. Mubarak did not directly address the IAEA issue, although he expressed his oft-repeated distrust of the Iranians and their intentions.

13. (SBU) Bodman expressed to both President Mubarak and Minister Younes our desire to boost cooperation on safe, proliferation-resistant nuclear energy and reiterated President Bush's commitment to GNEP and to the role of nuclear power in addressing energy needs. The Secretary invited Minister Younes and a team of technical experts to visit the U.S. and encouraged the Egyptians to also plan to visit the National Renewable Energy Lab in Colorado. Younes reaffirmed Egypt's strategic relationship with the U.S. in the energy sector, welcomed the invitation, and said he

looked forward to coordinating a visit in the near future. Younes reported that Egypt hopes to issue a tender by mid-February for the naming of an international consultant to guide their civilian nuclear energy program, and expects to announce the winning bid by the end of 2008.

¶4. (SBU) Chairman of the Egyptian Atomic Energy Authority Dr. Aly Islam and Chairman of the Nuclear Materials authority praised the January 14 - 16 nuclear power seminar held at Lawrence Livermore National Laboratory and said they benefited greatly from the presentations and the interaction with counterparts from the Middle East/North Africa region. Ibrahim affirmed that the addition of nuclear power will be necessary for Egypt to meet future energy demands. He cited their preparatory work with the IAEA up to the present, highlighting the current development of a 2008-9 training plan, workshops to promote project management capabilities, and ongoing discussions regarding fuel supply and finance. In response to the Secretary's question regarding university linkages to the nuclear power program, Ibrahim acknowledged that Egypt must enhance its nuclear science programs, and is therefore working on a national plan for developing necessary human resources to augment the nuclear engineering department at the University of Alexandria. Minister Younes highlighted capacity building programs as a key area in which Egypt could benefit from international support.

¶5. (SBU) Egypt is moving forward with plans to increase renewable sources' share of electricity production, with the stated goal being 20 percent by 2020. Currently, hydro power accounts for 12.6 percent of installed capacity, but with no opportunities for expanding this resource, Egypt will need to achieve the balance through wind and solar power. Younes said that he expects two new wind projects, supported by Denmark, Spain, the EU, and Japan, to add 340 MW of installed capacity by the end of 2009. Younes said he expects the first solar/thermal plant, located 65 miles south of Cairo at

Kuraymat, to come on line in 2010 and add 140MW to the grid. Younes also announced that the EU has chosen Egypt as a site for the opening of a Regional Center of Excellence for renewable energy.

Oil and Gas

¶6. (C) Secretary Bodman expressed to President Mubarak our desire for successful negotiations between Qatar and the Suez Canal Authority that would allow for increased shipments of U.S.-destined Qatari LNG through the canal, and followed up directly later that afternoon with Suez Canal Authority Chairman Admiral Ahmed Fadel. Mubarak and Fadel welcomed our interest in the deal and said that they would work with the Qataris to achieve a reasonable outcome.

¶7. (SBU) In his meeting with Minister of Petroleum Fahmy, Secretary Bodman expressed U.S. opposition to the formation

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of an OPEC-style gas cartel and asked for Egypt's continued support in resisting such an arrangement. Both agreed that such a group would hinder the efficient operation of the market. Fahmy touted recent investment and production increases in the sector and expansion of refining capacity, and noted discoveries of commercial quantities of crude in Upper Egypt as well as gas discoveries in the Western Desert.

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